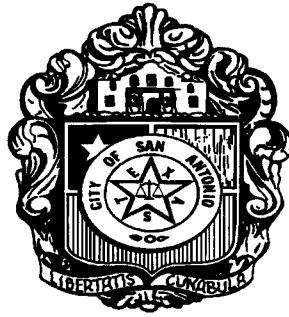

CITY OF SAN ANTONIO

OFFICE OF THE CITY AUDITOR



Audit of Department of Community Initiatives
Supportive Services for the Elderly Project

Project No. AU08-009

May 7, 2009

Executive Summary

As part of our annual audit plan, we conducted an audit of the Department of Community Initiatives (DCI) Supportive Services for the Elderly Project (SSEP). The audit objectives, conclusions, and recommendations follow:

1. Is the SSEP program operating effectively?

We determined that, overall, the SSEP program is operating effectively.

2. Is SSEP operating efficiently, and are alternatives such as VIA or outsourcing feasible?

In general, the SSEP program is operating efficiently; however:

- DCI did not account for SSEP expenses and revenues correctly in the City's accounting system. Specifically: we identified a total of \$157,000 of expenses that DCI incorrectly charged to a different program, misclassified, or inconsistently classified for fiscal year 2008. In addition, DCI incorrectly recorded \$1,600 of non-SSEP funds in the program's accounts.

We recommend that DCI fiscal personnel review recorded revenues and expenses for the SSEP program for fiscal year 2008 and fiscal year 2009 to date and make necessary adjustments to ensure program accounting is consistent, accurate and complete. DCI fiscal and SSEP personnel should also enhance monitoring of program accounting and reporting.

- The SSEP program had significant taxi usage for the audit period. DCI provided 17,199 one-way trips from October 1, 2007 through December 19, 2008. Taxis provided twenty-one percent (3,580) of these trips, which cost the City \$78,958.

We recommend that SSEP management perform a cost-benefit analysis using actual costs such as personnel expenses and vehicle fuel and maintenance to determine if it would be more cost effective to hire another part-time chauffeur to reduce taxi usage.

- DCI has not reported to the Alamo Area Council of Governments (AACOG) two incidents that occurred within the SSEP program, which resulted in claims made against the City. These incidents occurred in October 2007 and April 2008. The contract with AACOG requires immediate reporting of such claims.

We recommend that DCI report the two claims to AACOG, implement a formal process for reporting incidents, and update the SSEP Handbook to reflect the new claim reporting process.

The contract between the City and AACOG does not permit the City to outsource services for the SSEP program. Also, it is not feasible for VIA to provide SSEP services, as comparable service would not be available for SSEP-eligible clients who are not disabled or need to be transported to or from areas within Bexar County where VIA does not have routes. In addition, VIA's para-transit service is not free, which is a requirement for AACOG funding.

Management's verbatim response will be included at **Appendix A**

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Background

The Department of Community Initiatives' (DCI) Senior Services Division (SSD) provides services to help elderly citizens maintain their independence and improve their quality of life. Among the services provided by SSD is the Supportive Services for the Elderly Project (SSEP). The Texas Department of Aging and Disability Services (DADS), through the Alamo Area Council of Governments (AACOG), provides a grant of \$275,250 per year for the program. The City of San Antonio contributes matching funds of up to \$140,987 from the General Fund.

The City established the SSEP program in 1975 as a part of the SSD range of services. The program provides specialized door-to-door transportation services for persons 60 years and older who reside in Bexar County, primarily for essential medical appointments. When space is available, the program provides transportation to social service agencies, grocery stores and financial institutions. The service is free; however, donations are encouraged. The program provided 13,750 one-way trips for more than 540 seniors in fiscal year 2008.

SSEP personnel perform client intake, trip reservation, dispatch and chauffeur services for the program. SSEP currently employs two administrative associates for client intake, reservations and reporting to AACOG; two employees for dispatch operations; one program manager; four full-time chauffeurs and one part-time chauffeur. The program has authorization for five full-time chauffeurs and four part-time chauffeurs. SSEP currently has eight vehicles for transporting clients - six active vans and two vans for reserve purposes.

SSEP uses a software system called RouteMatch to manage client intake, scheduling and dispatch. This system has been in place for over four years.

DCI has a contract with AACOG, which administers DADS funds for the SSEP program. SSEP personnel are required to comply with general administrative and fiscal requirements of the contract. This includes submitting fiscal and programmatic reports to AACOG and retaining all financial records, supporting documents and statistical records.

Audit Scope and Methodology

The audit scope included SSEP services provided from October 1, 2007 through December 19, 2008.

We interviewed personnel from DCI, observed procedures, and created flowcharts to gain an understanding of relevant processes. We obtained and reviewed RouteMatch and accounting reports and other documents used by SSEP personnel. We analyzed scheduling and routing for trips provided during the audit period. Where appropriate, we used statistical sampling to select specific items to review.

We relied on computer-processed data from RouteMatch to verify reported clients and trips provided. We based our reliance on performing direct tests on the data, including comparing the data to daily schedules, original SSEP client signatures on trip manifests and trips reported to AACOG. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

We conducted this audit from October 2008 to February 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate information to provide a reasonable basis for the results based on the audit objectives. We believe that the information obtained provides a reasonable basis for the results based on the audit objectives. The audit also included tests of internal controls that we considered necessary under the circumstances.

Staff Acknowledgement

Barry Lipton, CPA, DABFA, Deputy City Auditor
Theresa Cameron, CPA, CIA, Audit Manager
Dawn Oppermann, CPA, CIA, CGAP, CCSA Auditor-in-Charge

Audit Results and Recommendations

A. Inaccurate Accounting for the Program

DCI did not account for SSEP expenses and revenues correctly in the accounting system. Specifically:

- Fiscal personnel charged some expenses to a different program
- Certain expenses were misclassified
- Expense classification was inconsistent
- Non-SSEP funds were included in the program's accounts

For fiscal year 2008, we identified \$95,000 of expenses for SSEP vehicles such as fuel, maintenance and repairs, charged to a different DCI program. Even though there is a specific account designated for taxi expenses, actual taxi expenses of \$62,000 were classified either as fees to professional contractors or as contractual services. In addition, DCI incorrectly recorded non-SSEP funds of \$1,600 in the program's accounts.

Generally accepted accounting principles require consistency, accuracy, and completeness in financial reporting. AACOG Contract section XXIX, B 2d. FISCAL MANAGEMENT requires that the City's internal controls system produce accurate accounting data, promote efficient operations and encourage adherence to prescribed accounting policies and procedures.

Inaccurate accounting occurred because SSEP personnel did not sufficiently monitor program accounting and accounting results. Therefore, City management and other stakeholders cannot rely on the accounting records to determine actual program expenses. DCI is at risk of being non-compliant with the AACOG contract and losing program funding.

Recommendation

DCI fiscal personnel should review all recorded revenues and expenses for the SSEP program for fiscal year 2008 and fiscal year 2009 to date and make necessary adjustments to ensure SSEP program accounting is consistent, accurate and complete. In addition, DCI fiscal and SSEP personnel should improve monitoring of program accounting and reporting.

B. Significant Taxi Usage

The SSEP program had significant taxi usage for the audit period. DCI provided 17,199 one-way trips from October 1, 2007 through December 19, 2008. Taxis provided twenty-one percent (3,580) of these trips, and they cost the City \$78,958. DCI uses taxi services as a back up measure for previously scheduled trips when SSEP chauffeurs call in sick or get behind schedule due to traffic or mechanical failure.

There are four part-time and five full-time chauffeurs authorized for the program. However, DCI currently employs one part-time and four full-time chauffeurs. There are six active and two reserve vehicles for client transportation. It may be more cost effective to hire an additional part-time chauffeur than to rely on taxi usage. The City currently pays between \$10.55 and \$14.30 per hour for chauffeurs, which costs approximately \$15,000 / year for a part-time chauffeur, based on 1,000 hours per year. SSEP would not need to purchase another vehicle; however, DCI would incur additional expenses for fuel and maintenance.

DCI and SSEP personnel relied on taxis for back up transportation but did not perform a cost-benefit analysis to determine if it would be more cost effective to hire another part-time chauffeur instead of using taxi services.

Recommendation

As noted in Recommendation A, DCI fiscal personnel should make necessary adjustments to SSEP program accounting and thereafter determine the actual costs associated with the program. Using actual costs such as personnel expenses and vehicle fuel and maintenance, management should perform a cost-benefit analysis to determine if it would be more cost effective to hire another part-time chauffeur to reduce taxi costs.

C. Claim Reporting

DCI has not reported to AACOG two incidents that occurred within the SSEP program that resulted in claims made against the City. These incidents occurred in October 2007 and April 2008. The contract with AACOG requires immediate reporting of such claims.

Section XXVI 'LIABILITY TO THIRD PARTIES' of the DCI contract with AACOG states "The Contractor shall give AACOG or its representative immediate notice of any suit or actions filed, or prompt notice of any claim made against the Contractor arising out of the performance of this contract. The Contractor shall furnish immediately to AACOG copies of all pertinent papers received by the Contractor in connection with any such suit, action or claim. AACOG shall have the option to intervene in such actions to represent AACOG's or DADS' interest."

DCI does not have a formal process in place for reporting SSEP claims to AACOG. DCI is therefore not in full compliance with the contract with AACOG, which could result in the program losing its funding.

Recommendation

DCI should report the two claims to AACOG, implement a formal process for reporting incidents, and update the SSEP Handbook to reflect the new claim reporting process.

D. Outsourcing Feasibility

The contract with AACOG does not allow the City to outsource services for the SSEP program. Section XVIII 'Personnel' of the AACOG contract requires DCI to furnish "all necessary personnel and appoint personnel of adequate qualifications, skill and expertise as are required to perform the services to be rendered in accordance and compliance with the terms of the contract". AACOG personnel informed us that they would need to change the contract significantly for the City to outsource the SSEP program.

It is not feasible for VIA to provide services to participants in the SSEP program. Comparable services would not be available for SSEP-eligible clients who are not disabled or who need to be transported to or from areas within Bexar County where VIA does not have routes. In addition, VIA's para-transit service is not free, and this is a requirement for AACOG funding.

VIA's service area covers 98 percent of Bexar County. VIA provides curb-to-curb para-transit transportation service to eligible persons. To be eligible a person must have a condition of such severity that it prevents them from independently traveling by regular city bus for most trips. Individuals must apply for this program to prove eligibility and the cost is \$1.75 per one-way trip.

Appendix A – Management Response



CITY OF SAN ANTONIO

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Interim City Auditor
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RE: Management's Corrective Action Plan for the Supportive Services for the Elderly Audit

The Department of Community Initiatives has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
A	Inaccurate Accounting for the Program DCI fiscal personnel should review all recorded revenues and expenses for the SSEP program and make necessary adjustments to ensure SSEP program accounting is consistent, accurate and complete. In addition, DCI Fiscal and SSEP personnel should enhance monitoring of program accounting and reporting.	3	Accept	Laura Sullivan, Fiscal Planning Manager	7/31/09
Action plan: Procedures will be enhanced to ensure that expenditures and revenues are reported accurately. Additional training will be held for staff that process End of Day, Purchase Requisitions, Purchase Orders, and Goods Receipts. Fiscal staff will conduct quarterly reviews to verify that program financials are posted accurately.					
B.	Significant Taxi Usage As noted in Recommendation A, DCI fiscal personnel should make necessary adjustments to SSEP program accounting and determine the actual costs associated with the program. Using actual costs such as personnel expenses and vehicle fuel and maintenance, management should perform a cost-benefit analysis to determine if it would be more cost effective to hire another part-time chauffeur to reduce taxi costs.	4	Accept	Laura Sullivan, Fiscal Planning Manager and Laura Cisneros, Social Services Manager	7/31/09

AN EQUAL OPPORTUNITY EMPLOYER

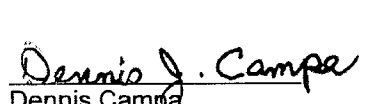
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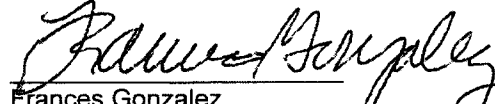
Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p><u>Action plan:</u></p> <p>Procedures will be enhanced to ensure that expenditures and revenues are reported accurately. Additional training will be held for staff that process End of Day, Purchase Requisitions, Purchase Orders, and Goods Receipts. Fiscal staff will conduct quarterly reviews to verify that program financials are posted accurately. Fiscal and program staff will work together to perform a cost-benefit analysis that will determine the cost effectiveness of hiring an additional part-time chauffer.</p> <p>Program staff has implemented measures to more closely monitor and control use of taxi cabs and will perform regular reviews of dispatch scheduling to ensure that chauffeur resources are utilized efficiently.</p> <p>During the time period covered by the audit (10/01/07 thru 12/19/08) SSEP had the following chauffeur staff available:</p> <ul style="list-style-type: none"> ▪ Oct '07 – 2 full-time & 2 part-time ▪ Nov '07 thru Jan '08 – 2 full-time & 1 part-time ▪ Feb '08 thru May '08 – 3 full-time & 1 part-time ▪ Jun '08 to present – 4 full-time & 1 part-time <p>Program statistics show that "on average" a full-time chauffeur can complete 12 trips per day and a part-time chauffeur can complete 8 trips per day. During the times of less than "optimal" staffing, use of Taxi cabs was considered necessary so that year-end grant performance goals would remain attainable.</p> <p>SSEP is required to maintain a contingency plan (Texas Administrative Code Title 40; Part 1; §85.201) in the event that the program is unable to meet previously scheduled transportation trips. SSEP maintains a contract with a local taxi company to fulfill this requirement.</p>				
C.	<p>Claim Reporting</p> <p>DCI should report the two claims to AACOG, implement a formal process for reporting incidents, and update the SSEP Handbook to reflect the new claim reporting process.</p>	5	Accept	Laura Cisneros, Social Services Manager	<p>7/31/09</p> <p>A letter reporting the claims to AACOG was sent on April 3, 2009.</p>
	<p><u>Action plan:</u></p> <p>Program will report the claims to AACOG. Procedures will be implemented to ensure that claims are reported in a timely manner. Program Handbook will be updated to include the new claims reporting procedures.</p>				

Audit of Department of Community Initiatives
Supportive Services for the Elderly Project

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,


Dennis Campa
Director
Dept of Community Initiatives


Frances Gonzalez
Assistant City Manager
City Manager's Office